

HB 3221 A STAFF MEASURE SUMMARY

Carrier: Rep. Smith G

House Committee On Revenue**Action Date:** 06/01/23**Action:** Do pass with amendments and rescind subsequent referral to Ways and Means. (Printed A-Eng.)**Vote:** 5-0-2-0**Yeas:** 5 - Marsh, Nathanson, Nguyen D, Reschke, Smith G**Exc:** 2 - Levy B, Walters**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Dae Baek, Senior Economist**Meeting Dates:** 4/19, 5/10, 5/24, 5/31, 6/1**WHAT THE MEASURE DOES:**

Removes federal forest reserve revenues to schools from the list of local revenues for the purpose of State School Fund distributions. First applies to the 2023-24 State School Fund distributions. Takes effect on July 1, 2023.

ISSUES DISCUSSED:

- Secure Rural Schools (SRS) Act and payments
- Reauthorization of payments - frequency and amounts
- 2018 federal law change, creating a conflict with Oregon law
- Base bill and -1 amendment
- Impact on school district's operating revenue

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

Local revenues listed in ORS 327.011 are combined with the State School Fund (SSF) to form so-called the formula revenue. This formula revenue will be distributed to school districts and education service districts based on specified formulas in statutes. One of the local revenue sources listed is federal forest reserve revenues (or Secure Rural Schools Act payments) to schools.

The 2018 Consolidated Appropriations Act explicitly states that federal forest reserve revenues to schools may not be used in lieu of, or to otherwise offset, a State funding source for a local school, facility, or educational purpose (16 U.S.C. 7112(f)). The relevant part of the Act is as follows:

(D) TREATMENT AS SUPPLEMENTAL FUNDING.— Section 102 of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7112) is amended by adding at the end the following:

“(f) TREATMENT AS SUPPLEMENTAL FUNDING.—

“(1) IN GENERAL.—None of the funds made available to an eligible county under this Act may be used in lieu of, or to otherwise offset, a State funding source for a local school, facility, or educational purpose.

-2 amendment removes federal forest reserve revenues to schools from the list of local revenue sources for the purpose of SSF distributions.

Note: Some background information on the Secure Rural Schools and Community Self-Determination Act of 2000 is taken from USDA Forest Service website here (<https://www.fs.usda.gov/working-with-us/secure-rural-schools>):

"The Secure Rural Schools program provides critical funding for schools, roads, and other municipal services to more than 700 counties across the U.S. and Puerto Rico.

This summary has not been adopted or officially endorsed by action of the committee.

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The Forest Service was established in 1905 with 56 million acres of land. By 1910, the amount of National Forest System land tripled to 172 million acres. Today, the agency manages approximately 196 million acres. Congress ratified the Act of May 23, 1908, as a measure to support rural counties whose tax base was limited by the growing amount of Federal land. A portion of Forest Service funds generated through multi-use activities, such as grazing, timber production, and special use permits, are distributed to eligible counties to help maintain local roads and schools.

By the year 2000, after decades of declining agency revenues, Congress passed the Secure Rural Schools and Community Self Determination Act to help stabilize the funds available to rural counties."